

# UTAH COUNTIES INDEMNITY POOL

## BOARD OF TRUSTEES MEETING

Thursday, October 4, 2012 1:00 p.m.  
Festival Hall, 105 North 100 East, Cedar City

## AGENDA

12:30 Lunch Provided

1:00 Call to Order Kay Blackwell

---

### ITEM ACTION

- |    |  |                |
|----|--|----------------|
| 1  | Review/Excuse Board Members Absent   | Kay Blackwell  |
| 2  | Approve August 16, 2012 Meeting Minutes  | Steve Wall     |
| 3  | Ratification and Approval of Payments and Credit Card Transactions   | Steve Wall     |
| 4  | Review/Approve 2013 Board Elections/Appointments   | Jim Eardley    |
| 5  | Review/Approve Land Use Coverage Enhancement   | Johnnie Miller |
| 6  | Review/Approve Dividend Plan   | Johnnie Miller |
| 7  | Review/Approve Terms of UAC Relationship Proposal  | Kay Blackwell  |
| 8  | Set Date and Time for Closed Meeting<br>to Discuss Character, Professional Competence, Physical/Mental Health of an Individual | Kay Blackwell  |
| 9  | Action on Personnel Matters  | Kay Blackwell  |
| 10 | Set Date and Time for Closed Meeting<br>to Discuss Pending or Reasonably Imminent Litigation                                   | Kay Blackwell  |
| 11 | Action on Litigation Matters   | Kent Sundberg  |

---

### INFORMATION

- |    |                                  |                |
|----|----------------------------------|----------------|
| 12 | Chief Executive Officer's Report | Johnnie Miller |
| 13 | Other Business                   | Kay Blackwell  |
-





## BOARD OF TRUSTEES' MEETING MINUTES

October 4, 2012, 1:00 p.m.  
Festival Hall, Cedar City, UT

### BOARD MEMBERS PRESENT

Kay Blackwell, *President*, Piute County Commissioner  
Jim Eardley, *Vice President*, Washington County Commissioner  
Steve Wall, *Secretary-Treasurer*, Sevier County Clerk/Auditor  
Craig Dearden, Weber County Commissioner  
Jerry Hurst, Tooele County Commissioner  
Karla Johnson, Kane County Clerk/Auditor  
Bret Millburn, Davis County Commissioner  
Cameron Noel, Beaver County Sheriff  
Kent Sundberg, Utah County Deputy Attorney

### BOARD MEMBER via TELEPHONICLY

Mike Wilkins, Uintah County Clerk/Auditor

### BOARD MEMBERS ABSENT

Gary Anderson, Utah County Commissioner  
Bruce Adams, San Juan County Commissioner  
Brad Dee, Weber County Human Resources Director

### OTHERS PRESENT

Johnnie Miller, UCIP Chief Executive Officer  
Sonya White, UCIP Chief Financial Officer  
Mark Brady, UCIP Loss Control Manager

### Call to Order

Kay Blackwell called this meeting, of the Utah Counties Indemnity Pool's Board of Trustees, to order at 1:00 p.m. on October 4, 2012, and welcomed those in attendance.

### Review/Excuse Board Members Absent

Gary Anderson, Bruce Adams and Brad Dee requested to be excused from this meeting. Jim Eardley made a motion to excuse Gary Anderson, Bruce Adams and Brad Dee from this meeting. Craig Dearden seconded the motion, which passed unanimously.

### Approve August 16, 2012 Meeting Minutes

The minutes, of the Board of Trustees meeting held August 16, 2012, were previously sent to the Board Members for review (see attachment number one). Steve Wall made a motion to approve the August 16, 2012 meeting minutes as written. Cameron Noel seconded the motion, which passed unanimously.

### Ratification and Approval of Payments and Credit Card Transactions

Steve Wall reviewed the payments made, payments to be made and credit card transactions with the Board. Steve Wall made a motion to approve the payments made, payments to be made and credit card transactions (see attachment number two). Jerry Hurst seconded the motion, which passed unanimously.

---

## UTAH COUNTIES INDEMNITY POOL

PO Box 95730, South Jordan, UT 84095-0730  
Phone (801)565-8500 ☎ Fax (801)568-0495 ☎ [ucip.utah.gov](http://ucip.utah.gov)

#### Review/Approve 2013 Board Elections/Appointments

Jim Eardley, Chair of the Nominating Committee reviewed the Trustee positions up for election at the December 6, 2012 Membership Meeting: Third Class Counties Representative (currently held by Jerry Hurst) and the At-Large Representative (currently held by Bruce Adams). Washington and Weber County Representatives are up for re-appointment by the Member County. The unexpired term of the Fifth-Sixth Class Representative (currently held by Kay Blackwell) will be appointed by the Board at its first meeting in 2013. Two of the three Committee Chairs (Litigation Management Committee and Personnel Committee) are up for Board appointment at the first meeting in 2013. As of today, a termination rescinding letter has not been received by Utah County. If Utah County is no longer a Member the Trustee position shall revert to an At-Large position appointed by the Board until membership vote at the 2013 Membership Meeting. Nomination forms will be sent to all Member officials for available Trustee Positions.

#### Review/Approve Land Use Coverage Enhancement

Johnnie Miller reported that members want UCIP to provide coverage for Land Use; County attorneys want defense provided and Commissioners/Council Members want coverage for large claims. Currently the Coverage Addendum has a specific exclusion for Land Use claims but does provide defense up to \$35,000 per claim. The problem with Land Use coverage is the lack of reinsurance support for large claims and the courts view coverage as a violation of public policy. Johnnie has negotiated coverage with UCIP's reinsurer to full liability limits for Land Use claims. Jim Eardley made a motion to delete the current exclusion in the Coverage Addendum for Land Use effective immediately. Jerry Hurst seconded the motion, which passed unanimously. Johnnie explained that there will be no additional charge for the coverage enhancement until claims can be analyzed with the actuary.

#### Review/Approve Dividend Plan

The purpose of a Dividend Plan is to manage net asset levels to assure adequate assets to protect UCIP while not exceeding statutory limitation on net assets (see Utah Code Section 17-36-16). The Board of Trustees has directed Johnnie Miller to incorporate two primary strategies into the Dividend Plan: 1) eligibility based on minimum individual member equity; and 2) calculation to include individual Member experience (see attachment number three). Karla Johnson made a motion to include the following in the Dividend Plan:

1. Net Assets will not exceed 100% of annual revenue.
2. Net Assets will be managed within a range of 90%-100%.
3. Dividends will not deplete surplus below 90%.
4. The Board will annually determine what is considered "significantly below average loss ratio".
5. Calculation of average loss ratio will be annually determined by the Board.
6. Continuing membership is a requirement for a dividend.
7. The Best Practices Program is a requirement for an Experience Dividend.
8. Dividends will not deplete individual member equity below 90%.

Jerry Hurst seconded the motion, which passed unanimously.

#### Review/Approve Terms of UAC Relationship Proposal

Kay Blackwell reported that he, Bruce Adams, Craig Dearden, Jim Eardley and Jerry Hurst met with the Executive Committee of the Utah Association of Counties (UAC) Board of Directors, Brent Gardner and Adam Trupp during the USACCC Conference in Wasatch County. Trustees presented their concerns regarding UAC's support of the Utah Local Governments Trust (ULGT). The majority of ULGT Members are cities wherein only counties are Members of UCIP and therefore the Association of Counties should support the Counties Pool. It was proposed that UCIP become a member of UAC. The UAC Executive Committee will take UCIP's request to the UAC Endorsement Committee and Board of Directors for review. If UCIP's request is approved then the expectations of the membership will be formalized.

#### Set Date and Time for Closed Meeting

Karla Johnson made a motion to strike agenda item: *Set Date and Time for a Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual*. Bret Millburn seconded the motion, which passed unanimously.

#### Action on Personnel Matters

Karla Johnson made a motion to strike agenda item: *Action on Personnel Matters*. Bret Millburn seconded the motion, which passed unanimously.

#### Set Date and Time for Closed Meeting

Jerry Hurst made a motion to strike agenda item: *Set Date and Time for a Closed Meeting to Discuss Pending or Reasonably Imminent Litigation*. Karla Johnson seconded the motion, which passed unanimously.

#### Action on Litigation Matters

Jerry Hurst made a motion to strike agenda item: *Action on Litigation Matters*. Karla Johnson seconded the motion, which passed unanimously.

#### Chief Executive Officer's Report

Johnnie Miller reported that Peter Stirba has provided a strategy letter to the Duchesne County Commission in the matter of claim number: DUC0000302006. It is alleged that the Judge in this case was bias and should have recused himself. Peter feels the settlement in this case should be set aside, a new judge assigned and the case retried. The Litigation Management Committee will review the strategy once direction from the Commission and Peter is received.

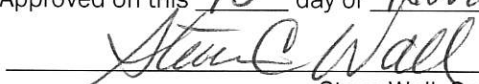
Johnnie reported that in the last month he met with Cache, Juab and Utah County officials and employees regarding proposals they received from the Utah Local Governments Trust. Beaver, Emery and Iron Counties received proposals from ULGT but did not send UCIP termination notices. Carbon, Juab and Sanpete Counties have rescinded their termination notices to UCIP. Cache and Utah Counties have terminated their Membership in UCIP leaving behind over \$1.1 million in equity. These Counties had 15% of the total property values and 18.5% of the total annual contribution.

Johnnie reported that he and Mark Brady attended the Annual Sheriff's Conference in Washington County. The Utah Local Governments Trust (ULGT) had contacted Gary DeLand, Executive Director, regarding the services UCIP is providing to the Association. Johnnie, Mark, Brad Dee and Cameron Noel met with Gary, Dave Edmunds and Reed Richards to alleviate any concerns regarding UCIP's continued support of the Association.

Johnnie reported that he attended the Workers Compensation Fund Municipal Safety Workshop, the USACCC Conference, the Risk Management Conference and met with Davis County regarding quotes for excess liability limits.

#### Other Business

The next meeting of the Board of Trustees will be held Thursday, November 15, 2012, 7:00 p.m. at the Snow Canyon Country Club at Entrada.

Approved on this 15<sup>th</sup> day of November 2012  
  
Steve Wall, Secretary/Treasurer







## Public Meeting Notice Admin

- [Help](#)
- [Log Out](#)

Welcome to the Public Notice Website: Your central source for all public notice information in Utah

### Notice Added Successfully [View notice](#)

Your notice has been created successfully.

Notice Title:

Board of Trustees Meeting

Government Type:

Special Districts

Entity:

Utah Counties Indemnity Pool

Public Body Name:

Board of Trustees

Notice Subject:

Insurance

Notice Type:

Notice

Street Address:

105 North 100 East

Street Address continued:

City:

Cedar City

Zip:

84720

Start Date:

10/04/12 1:00 PM

End Date:

10/04/12 3:00 PM

Description / Agenda:

Call to Order  
Review/Excuse Board Members Absent  
Approve August 16, 2012 Meeting Minutes  
Ratification and Approval of Payments and Credit Card Transactions  
Review/Approve 2013 Board Elections/Appointments  
Review/Approve Land Use Coverage Enhancement  
Review/Approve Dividend Plan  
Review/Approve Terms of UAC Relationship Proposal  
Set Date and Time for Closed Meeting  
to Discuss Character, Professional Competence, Physical/Mental Health of an Individual  
Action on Personnel Matters  
Set Date and Time for Closed Meeting  
to Discuss Pending or Reasonably Imminent Litigation  
Action on Litigation Matters  
Chief Executive Officer's Report  
Other Business

ADA:

In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should contact the South Jordan, UT 84095-0730, or call 801-307-2113, at least three days prior to the meeting.

Electronic Participation:

Any Member of the Utah Counties Indemnity Pool Board of Trustees may participate telephonically.

Other:

Emergency Notice:

No

Send copy of notice to:

editor@sltrib.com

Attachments:

There are attachments associated with this notice.

[Back to main page](#)

## Public Notices

### Notices

- [Dashboard](#)
- [Add](#)
- [Search](#)
- [Drafts](#)
- [Published](#)
- [Pending](#)

### Owner

- [Add](#)
- [Search](#)
- [Pending](#)

### Public Body

- [Add](#)
- [Search](#)
- [Pending](#)

### Poster

- [Add](#)
- [Search](#)
- [Pending](#)

### Other

- [Request Entity](#)
- [Request Public Body](#)
- [Request Owner Access](#)
- [Request Poster Access](#)

[Utah.gov Home](#) | [Utah.gov Terms of Use](#) | [Utah.gov Privacy Policy](#) | [Utah.gov Accessibility Policy](#) | [Translate Utah](#)  
Copyright © 2012 State of Utah - All rights reserved.



# Utah Counties Indemnity Pool

## Payments

### August 17, 2012 - October 4, 2012

Type	Date	Num	Name	Memo	Amount
<b>ML Expense</b>					
Liability Check	8/30/2012		QuickBooks Payroll Service	Created by Payroll Services on 08/27/2012	-13,088.51
Liability Check	9/13/2012		QuickBooks Payroll Service	Created by Payroll Services on 09/11/2012	-12,990.41
Check	8/31/2012			Service Charge	-62.39
Liability Check	9/27/2012		QuickBooks Payroll Service	Created by Payroll Services on 09/24/2012	-13,125.08
Liability Check	8/28/2012	ONLINE	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 270264134696331	-4,733.79
Liability Check	8/31/2012	ONLINE	Utah Retirement Systems	Confirmation Number: 08273527968	-7,397.64
Liability Check	8/28/2012	ONLINE	Nationwide Retirement Solutions	Entity: 0036786001	-2,025.76
Liability Check	8/28/2012	ONLINE	Utah State Tax Commission	Confirmation Number: 0-303-242-240	-1,680.37
Liability Check	9/12/2012	ONLINE	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 270265681257533	-4,278.05
Liability Check	9/24/2012	ONLINE	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 270266984101006	-3,944.58
Liability Check	9/24/2012	ONLINE	Utah State Tax Commission	Confirmation Number: 0-883-530-752	-1,648.82
Liability Check	9/24/2012	ONLINE	Utah Retirement Systems	Confirmation Number: 092417183750	-7,317.30
Liability Check	9/26/2012	ONLINE	Nationwide Retirement Solutions	Entity: 0036786001	-2,025.76
Check	8/27/2012	VISA	Wells Fargo	Account Number: 4856 2002 0207 3675	-220.16
Check	8/27/2012	VISA	Wells Fargo	Account Number: 4856 2002 0207 3691	-499.52
Check	8/27/2012	VISA	Wells Fargo	Account Number: 4856 2002 0207 3683	-63.03
Check	9/26/2012	VISA	Wells Fargo	Account Number: 4856 2002 0207 3691	-2,506.44
Check	9/26/2012	VISA	Wells Fargo	Account Number: 4856 2002 0207 3675	-473.97
Check	8/24/2012	6475	Kent Sundberg	Mileage Reimbursement	-44.40
Check	8/24/2012	6476	Karla Johnson	Mileage Reimbursement	-336.33
Check	8/24/2012	6477	Kay Blackwell	Mileage Reimbursement	-210.90
Check	8/24/2012	6478	Craig Dearden	Mileage Reimbursement	-61.05
Check	8/24/2012	6479	Brad Dee	Mileage Reimbursement	-61.05
Check	8/24/2012	6480	Cameron Noel	Mileage Reimbursement	-202.02
Check	8/24/2012	6481	Bret Millburn	Mileage Reimbursement	-35.52
Check	8/24/2012	6482	Jim Eardley	Mileage Reimbursement	-333.00
Check	8/24/2012	6483	Mike Wilkins	Mileage Reimbursement	-202.02
Check	8/24/2012	6484	Bruce Adams	Mileage Reimbursement	-333.00
Check	8/24/2012	6485	Steven Wall	Mileage Reimbursement	-163.17
Check	8/24/2012	6486	CodeCo Law Publishers	Invoice Number: B28523	-249.00
Bill Pmt -Check	8/24/2012	6487	Paetec	Invoice Number: 4507794	-696.35
Bill Pmt -Check	8/24/2012	6488	Whitney Advertising & Design, Inc.	Invoice Number: 16160	-310.00
Check	8/31/2012	6489	PEHP-LTD	Coverage Period: August 2012	-213.74
Bill Pmt -Check	8/31/2012	6490	Premiere Global Services	Invoice Number: 12011515	-58.60
Bill Pmt -Check	9/1/2012	6491	Western AgCredit	Invoice Number: 9-2012	-11,111.00
Liability Check	8/31/2012	6492	Public Employees Health Program	Policy Number 1076 (August)	-827.42
Liability Check	9/18/2012	6493	Opticare of Utah	Invoice Number: 26733	-59.35
Bill Pmt -Check	9/18/2012	6494	End Point Corporation	Invoice Number: UC1203	-60.00
Bill Pmt -Check	9/18/2012	6495	Office Depot	Invoice Number: 624137339001	-168.12
Bill Pmt -Check	9/18/2012	6496	Professional Yard Services	Invoice Number: 43930	-275.00
Bill Pmt -Check	9/18/2012	6497	Revco Leasing Company, LLC	Invoice Number: 305380	-815.89
Bill Pmt -Check	9/18/2012	6498	Office Depot	Invoice Number: 624137740001	-31.62
Check	9/18/2012	6499	Penci Carrero	Event Coverage Overpayment Reimbursement	-6.45
Check	9/28/2012	6500	Johnnie R. Miller	Expense Reimbursement	-423.55
Liability Check	9/28/2012	6501	Public Employees Health Program	Policy Number 1076 (September)	-827.42
Check	9/28/2012	6502	PEHP-LTD	Coverage Period: September 2012	-210.74
Check	9/28/2012	6503	Davis County	Charlene Lamph RMC Registration Cancellations	-50.00
Bill Pmt -Check	9/28/2012	6504	Christensen & Jensen	Invoice Number: 71725	-1,389.15

# Utah Counties Indemnity Pool Payments August 17, 2012 - October 4, 2012

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	9/28/2012	6505	Fluid Studio	Invoice Number: 1584	-125.00
Bill Pmt -Check	9/28/2012	6506	Paetec	Invoice Number: 4621246	-696.35
Bill Pmt -Check	9/28/2012	6507	Arthur J. Gallagher & Co.	Invoice Number: 282782	-181.00
Check	10/1/2012	6508	Kay Blackwell	Expense Reimbursement	-383.60
Bill Pmt -Check	10/1/2012	6509	Revco Leasing Company, LLC	Invoice Number: 307807	-815.89
Bill Pmt -Check	10/1/2012	6510	Western AgCredit	Invoice Number: 10-2012	-11,111.00
Total ML Expense					-111,160.28
<b>TOTAL</b>					<b>-111,160.28</b>

## STRUCTURE of the BOARD

<u>Representing</u>	<u>Present Board</u>	<u>2013 Board</u>	<u>County</u>	<u>Office</u>
<b>Second</b> <i>Davis, Utah, Washington, Weber</i>	Bret Millburn Gary Anderson Jim Eardley Craig Dearden		Davis Utah Washington Weber	Commissioner Commissioner
<b>Third</b> <i>Box Elder, Cache, Iron, Tooele, Uintah</i>	Jerry Hurst Mike Wilkins	Mike Wilkins	Uintah	Clerk/Auditor
<b>Fourth</b> <i>Carbon, Duchesne, Millard, San Juan, Sanpete, Sevier, Wasatch</i>	Steve Wall	Steve Wall	Sevier	Clerk/Auditor
<b>Fifth-Sixth</b> <i>Beaver, Daggett, Emery, Garfield, Juab, Kane, Morgan, Piute, Rich, Wayne</i>	Kay Blackwell			
<b>At Large</b>	Bruce Adams Karla Johnson	Karla Johnson	Kane	Clerk/Auditor
<b>Law Enforcement Litigation Management Personnel</b>	Cameron Noel Kent Sundberg Brad Dee	Cameron Noel	Beaver	Sheriff

### Present Board Votes by Class

Second = 6  
Third = 2  
Fourth = 2  
Fifth = 2  
Sixth = 1

Appointed by Member  
Appointed by Board  
Up for Election





## MEMORANDUM

**To: UCIP Board of Trustees**  
**From: Johnnie Miller**  
**Date: September 28, 2012**  
**Re: Land Use Coverage Enhancement**

UCIP's limitation on Land Use claims coverage has been a significant competitive issue for some members. Our primary competitor has no specific Land Use exclusion in its policy, and markets our members with the promise of covering all Land Use claims.

We have limited Land Use coverage in the past for two primary reasons: 1) lack of reinsurance for these claims; and 2) courts have held that local governments using insurance to protect them from intentional violations of land use laws is a violation of public policy.

I have been successful in dealing with the first issue by negotiating with our reinsurers to provide excess coverage for Land Use claims. I pointed out that many CRL member coverage agreements are silent on land use, which would require them to cover such claims. I also pointed out that one CRL member, Nebraska Interlocal Risk Management Association, has a specific endorsement to provide Land Use coverage as a part of their coverage agreement. There would be no additional charge on the reinsurance premium at this time. Rates may go up if we see an increase in excess loss associated with this coverage.

This coverage still presents a public policy issue, but some members want this coverage, and are willing to go elsewhere to get it. Our argument regarding the public policy issue would be that we are not insurance, and the counties are still self-insured, albeit jointly.

UCIP would provide coverage to full limits for claims arising from development and enforcement of Land Use ordinances, allegations of failing to follow the ordinance, and issuance or failure to issue land use permits, variances or zoning changes.

UCIP's exposure would be to additional defense costs above the current \$35,000 per occurrence limit, and costs to settle claims prior to judgment at trial. If a county does not arrive at settlement, and loses, the judgment would be based on a finding that the county acted intentionally, which would trigger the intentional acts exclusion. We would review this with members as the case is litigated to assure they understand that if they take a claim to trial and lose, they will have no coverage to pay the damages.

I see two options regarding the mechanics of the coverage: 1) we can delete our current Land Use exclusion, and be silent on coverage; or 2) we can issue a Land Use Endorsement that specifically provides coverage for these claims. Option one would

allow us to say we do not exclude Land Use coverage, while option two would give us a specific endorsement to point to to assure members the coverage is in place. Option two could however lead to concern by the reinsurers and ultimately lead to them making a charge for the coverage.

As we have no data on claims to develop a rate, I would recommend we not charge any additional contribution for 2013. The plan would be to wait to see the effect of cost of claims and develop rates if losses necessitate it. From discussion with other CRL members providing this coverage, they have not seen a significant impact from these claims, however those states have not had the continued growth that our members have seen here in Utah.

In summary, I would recommend we delete our Land Use Exclusion from the Bylaws Coverage Addendum effective 10-5-2012, with no additional contribution charge to members. Staff will monitor claims and consult with the actuary on the need to develop a contribution charge for this coverage, if necessary, in the future.

JRM/jrm

---

**UTAH COUNTIES INDEMNITY POOL**

PO Box 95730, South Jordan, UT 84095-0730

Phone (801)565-8500 ☎ Fax (801)568-0495 ☎ [www.ucip.utah.gov](http://www.ucip.utah.gov)





## MEMORANDUM

**To: UCIP Board of Trustees**  
**From: Johnnie Miller**  
**Date: September 28, 2012**  
**Re: Draft Dividend Policy**

This draft Dividend Policy is provided for purpose of discussion on the mechanics of a dividend plan. The Board directed staff to develop a dividend plan that provided for both individual member equity and individual member experience. At your last meeting I identified a concern that the Interlocal Agreement calculation of member equity does not include any experience component. To create a way to reward members for good experience, staff has developed a two part draft Dividend Policy as follows:

### PURPOSE

Manage Net Asset levels to assure adequate assets to protect UCIP while not exceeding statutory limitations on Net Assets.

### GOAL

Manage Net Asset levels between 90% and 100% of annual revenue.

### PROCEDURE

If Net Assets exceed 90% of annual revenue, the Board may issue dividends. If Net Assets exceed 100% of annual revenue, the Board shall issue dividends. Dividends may be issued as Experience Dividends and/or Equity Dividends.

**Experience Dividend** – If Net Assets exceed 90% of annual revenue, the Board may issue an Experience Dividend. Members with loss ratios significantly below the average member loss ratio would be eligible for an Experience Dividend. Average member loss ratio would be calculated on the year in which the dividend is issued and on a multi-year basis, at the Board's discretion.

**Equity Dividend** – If after an Experience Dividend is provided, Net Assets remain in excess of 90%, the Board may issue an Equity Dividend to the membership. If after the Experience Dividend is provided, Net Assets remain in excess of 100%, the Board shall issue an Equity Dividend to the membership. For purposes of the Equity Dividend, equity will be calculated in accordance with the equity calculation in the Interlocal Agreement.

### REQUIREMENTS

To receive an Experience Dividend a member must:

- Be continuing membership in the Pool for the prospective year; and
- Maintain a loss ratio significantly below the average member loss ratio; and
- Comply with specified Best Practices Program requirements as determined by the Board.

To receive an Equity Dividend a member must:

- Be continuing membership in the Pool for the prospective year; and
- Have an individual equity to annual contribution ratio of at least 90%.

### LIMITATIONS ON DIVIDENDS

The total of Experience and Equity Dividends shall not deplete the Pool's total Net Assets below 90% of annual revenue.

---

## UTAH COUNTIES INDEMNITY POOL

PO Box 95730, South Jordan, UT 84095-0730  
Phone (801)565-8500 ☎ Fax (801)568-0495 ☎ [www.ucip.utah.gov](http://www.ucip.utah.gov)





## MEMORANDUM

**To: UCIP Board of Trustees**  
**From: Johnnie Miller**  
**Date: September 28, 2012**  
**Re: UAC Relationship**

Several Board members met with the UAC Executive Committee during the USACCC conference on September 12, 2012. That group asked UAC to consider allowing UCIP to join UAC as a dues paying member. We indicated that as a member we would expect UAC would discontinue considering us a vendor, and would continue preferential treatment at all UAC events. In addition, we would expect that UAC would not allow a direct competitor to one of their members to market at UAC events, or at least limit the perception of UAC endorsement of that competitor.

If UAC responds that UCIP does not qualify as a member, we could offer to enter into a management contract with UAC for "member communication services". We would pay UAC to assist us in our communication with members by providing preferential treatment at UAC events, clearer endorsement of UCIP, and potentially a restriction on competitors attending UAC events.

Either option would create a financial obligation to UAC. In the past, UAC's Executive Director has indicated he feels UAC should see revenue from UCIP in the range of \$100,000 to \$150,000 per year, based on revenue other state associations receive from pools.

UAC has asked for UCIP to provide their Endorsement Committee with a proposal for membership including terms of membership we would ask of UAC. Staff request input and direction from the Board in developing that proposal.

JRM/jrm

---

### UTAH COUNTIES INDEMNITY POOL

PO Box 95730, South Jordan, UT 84095-0730  
Phone (801)565-8500 ☎ Fax (801)568-0495 ☎ [www.ucip.utah.gov](http://www.ucip.utah.gov)



EXPOSURE SCHEDULE AND WEBSITE ENHANCEMENTS 9.14.2012

Utah Counties Indemnity Pool



P 801 295 9820

F 801 951 5815

[www.fluid-studio.net](http://www.fluid-studio.net)

1065 South 500 West  
Bountiful, Utah 84010

## COSTS

The following bid is based on, graphic design and concepting, programming and development of Fluid and its development team.

All costs are based on hourly estimates by task. If additional hours are required or if the scope of project changes, an addendum will be added to this agreement for approval by both parties.

TASK	ESTIMATED COST
<b>Exposure Schedule Design &amp; Concepting</b> Fluid will first design what the new exposure schedule will look like incorporated within the UCIP Website and branding and ensure that the functions and user interface is clear, easy to use and in-line with UCIP's expectations. <i>1 week</i>	<b>\$675</b>
<b>Development and Re-creation of all existing Exposure Schedules</b> Fluid will move all existing data from the current database and consolidate to the Wordpress Website. A custom Wordpress plugin will be developed so a UCIP website admin can managed and administer all data from one location. This includes the front-end development of all exposure schedules so that they are functioning for each county and user. This also will allow for a single login to help simplify the process. <i>5 weeks</i>	<b>\$4,800</b>
<b>Add Modify column tracking when changes are made</b>	<b>\$240</b>
<b>Ability to sort lists by column and add total as a separate line</b>	<b>\$375</b>
<b>Add filtering ability to exposure schedule</b>	<b>\$680</b>
<b>Side by side approval of changes that will then modify option and send user email confirmation</b>	<b>\$410</b>
<b>2 Pre-defined reports created</b>	<b>\$520</b>





## TERMS & CONDITIONS

This is our agreement of understanding. Please review carefully the scope of work as outlined above. Changes in scope of work and/or project specifications will require a written revision of the information provided, and you will be billed an additional amount as outlined in the following terms.

-Cost estimate includes concept, design, art direction, typesetting, layout, and project supervision. Estimate does not cover cost of any scans, props, color copies, models, photography, additional artwork, or anything else not specifically denoted that may be incorporated into the design or production of this project but not known at the time of this estimate.

-Payable as follows: Fee is payable 1/2 upon project initiation and 1/2 upon completion (plus all applicable tax). Final payment must be made upon delivery of print materials and/or before site goes live. First half fee is nonrefundable and must be redeemed for service. Fees for photography, scans, film, and all other project expenses are payable as they occur. Estimate is subject to change as costs change or if scope of project changes.

-A credit application must be completed by the client upon project initiation (Fluid will provide this if needed; if client has a standard form they use, this will work in most cases). In the case of the State of Utah Agency, no credit application is necessary.

-Fees quoted are based on work performed during the course of regular working hours. Overtime, rush, holiday, and weekend work necessitated by client's directive is billed in addition to the fees quoted.

-Fluid Studio's ability to meet deadlines is predicated upon the client's provision of all necessary information and approvals in a timely manner.

-On web or interactive projects, client will receive a jpeg file of initial site design before site production begins. Once site design is approved in writing by client, any changes will incur at least 6 hour(s) to redesign and will be charged at \$110/hour.

-Client will receive all design mock-ups/and or website mock-ups in a JPEG format (in addition to a in-person client meeting). Client will have time to review all design work completed by Fluid and then submit changes, feedback, and approval through the FSD\_Approval\_Form\_10\_2010 document. If Fluid proceeds with website/interactive implementation and programming without the consent of the Client and a signed approval form, additional labor and overhead costs will be assumed by Fluid Studio and NOT the client. Once client approval is received on all design mock-ups, Fluid will proceed with actual development and implementation.

-The client agrees to be held solely liable for any monies due by any and all media outlets or debtors (including Fluid Studio).

-Client agrees that it will consult a lawyer to determine that all designs and tradenames or marks do not infringe the proprietary rights of others and hereby agrees to indemnify and hold Fluid Studio harmless in the event of any claims or actions, including payment of costs and reasonable attorney fees.

-Unpaid balances will accrue at a rate of 2% per month, plus any costs of collection and reasonable attorney fees.

-Unless otherwise stated in writing, the information contained in this estimate is valid for thirty days. Proposals approved and signed by the client are binding upon the designer and client commencing on the date of the client's signature.

-Payment of initial fee constitutes agreement to these Terms & Conditions.

NAME: \_\_\_\_\_

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

Organization: \_\_\_\_\_



FLUID

P 801 295 9820

F 801 951 5815

www.fluid-studio.net

1065 South 500 West  
Bountiful, Utah 84010





Utah Counties Indemnity Pool  
*Serving Counties Since 1992*

## Board of Trustees

October 4, 2012

### Land Use Coverage

- Currently use a specific exclusion to Land Use, then provide defense only for \$35,000/claim.
- Problems with Land Use Claims:
  - Lack of reinsurance support for large claims; and
  - Courts see coverage as violation of public policy.
- But members still want coverage.
  - County attorneys want defense provided
  - Commissioners want coverage for large claims



## Land Use Coverage Enhancement

- Have negotiated coverage with reinsurer to full liability limits for land use claims.
- Can simply delete our current exclusion, or implement a specific endorsement for claims.
- No charge for enhancement now, would look at need for separate charge when we have analyzed cost of claims with actuary.



## UCIP's Dividend Plan Should...

- Policy should manage level of Net Assets within a range:
  - With a minimum to protect UCIP and stabilize rates; and
  - With a maximum not to exceed statutory limitation.
- Board direction is to incorporate two primary strategies to dividend plan:
  - Eligibility based on minimum individual member equity
  - Calculation to include individual Member experience



**17-36-16. Retained earnings -- Accumulation -- Restrictions -- Disbursements.**

(1) A county may accumulate retained earnings in any enterprise or internal service fund or a fund balance in any other fund; but with respect to the General Fund, its use shall be restricted to the following purposes:

(a) to provide cash to finance expenditures from the beginning of the budget period until general property taxes, sales taxes, or other revenues are collected;

(b) to provide a fund or reserve to meet emergency expenditures; and

(c) to cover unanticipated deficits for future years.

(2) (a) The maximum accumulated unappropriated surplus in the General Fund, as determined prior to adoption of the tentative budget, may not exceed an amount equal to the greater of:

(i) (A) for a county with a taxable value of \$750,000,000 or more and a population of 100,000 or more, 20% of the total revenues of the General Fund for the current fiscal period; or

(B) for any other county, 50% of the total revenues of the General Fund for the current fiscal period; and

(ii) the estimated total revenues from property taxes for the current fiscal period.

## UCIP's Dividend Plan Should...

- Policy should manage level of Net Assets within a range:
  - With a minimum to protect UCIP and stabilize rates; and
  - With a maximum not to exceed reasonable limits.
- Board direction is to incorporate two primary strategies to dividend plan:
  - Eligibility based on minimum individual member equity
  - Calculation to include individual Member experience





## Proposed UCIP Dividend Plan

- Two Part Plan:
  - **Experience Dividend** – for members with better than average experience;
  - **Equity Dividend** – for long term members with significant equity balances.



## Experience Dividend

- Members with loss ratios well below average would be eligible for dividend.
  - Works in lieu of an experience credit on premium
- Eligibility for dividend may also be dependent on meeting certain Best Practices Program minimums, to assure members are rewarded for risk management efforts, not for being lucky.
  - Works in lieu of a risk management credit on premium





## Equity Dividend

- Member's individual equity must be within or exceed Net Asset management range.
- Longer term members, with larger equity levels, would receive larger dividends.
  - Works in lieu of renewal credit on premium
- Larger members (paying larger than average percentage of contributions) would get larger dividends.
  - Works in lieu of premium volume credit on premium



## Effect of Proposed Dividend Plan

- Members are rewarded for:
  - Risk Management efforts;
  - Good experience;
  - Continuous membership;
  - Size of contribution.
- When we provide members their contribution estimates, they will be a worst case cost. Dividends could reduce their actual cost.
- Competitors would be providing quotes based on best case costs, and audits and assessments could increase their actual cost.



**PURPOSE**

Manage Net Asset levels to assure adequate assets to protect UCIP while not exceeding statutory limitations on Net Assets.

**GOAL**

Manage Net Asset levels between 90% and 100% of annual revenue.

**PROCEDURE**

If Net Assets exceed 90% of annual revenue, the Board may issue dividends. If Net Assets exceed 100% of annual revenue, the Board shall issue dividends. Dividends may be issued as Experience Dividends and/or Equity Dividends.

**Experience Dividend** – If Net Assets exceed 90% of annual revenue, the Board may issue an Experience Dividend. Members with loss ratios significantly below the average member loss ratio would be eligible for an Experience Dividend. Average member loss ratio would be calculated on the year in which the dividend is issued and on a multi-year basis, at the Board's discretion.

**Equity Dividend** – If after an Experience Dividend is provided, Net Assets remain in excess of 90%, the Board may issue an Equity Dividend to the membership. If after the Experience Dividend is provided, Net Assets remain in excess of 100%, the Board shall issue an Equity Dividend to the membership. For purposes of the Equity Dividend, equity will be calculated in accordance with the equity calculation in the Interlocal Agreement.

**REQUIREMENTS**

To receive an Experience Dividend a member must:

- ☒ Be continuing membership in the Pool for the prospective year; and
- ☒ Maintain a loss ratio significantly below the average member loss ratio; and
- ☒ Comply with specified Best Practices Program requirements as determined by the Board.

To receive an Equity Dividend a member must:

- ☒ Be continuing membership in the Pool for the prospective year; and
- ☒ Have an individual equity to annual contribution ratio of at least 90%.

**LIMITATIONS ON DIVIDENDS**

The total of Experience and Equity Dividends shall not deplete the Pool's total Net Assets below 90% of annual revenue.



## Dividend Plan Decisions

1. Will we allow Net Assets to exceed 100% of annual revenue?
2. What range should Net Assets be managed within?
3. Should dividends deplete surplus below 100%?
4. Should "significantly below average loss ratio" be defined in the policy, or determined annually by the board?
5. Should calculation of average loss ratio be defined in policy, or determined annually by the board?
6. Should continuing membership be a requirement for dividends?
7. Should complying with Best Practices Program be a requirement for Experience Dividend?
8. Should dividend deplete individual member equity below 100%.



## UAC Relationship Proposal

- Staff's desire is to enhance the relationship with UAC to work more as a partnership.
- Membership as a dues paying UAC member may accomplish this best.
- If membership is not an option, an interlocal agreement between UAC and UCIP to provide risk management information/education to Utah county governments would be the next best option.
- Another option would be a service contract with UAC to provide UCIP certain services.



## CEO Report - Activities

- Juab County Commission Meeting
- Cache County Commission Meeting
- WCF Municipal Safety Workshop
- Fluid Meetings on Schedules Database
- Utah County Meeting
- USACCC Conference
- Davis XS Limits Meeting
- Sheriff's Association Conference
- UCIP Risk Management Conference



## CEO Report – Membership Update

- Beaver, Iron and Emery Counties received proposals from ULGT, but did not send Termination Notices
- Sanpete County Rescinded Termination Notice
- Juab County Rescinded Termination Notice
- Carbon County Rescinded Termination Notice
- Cache County Provided Termination Notice
- Utah County Provided Termination Notice



## Effect of Member Terminations

	<u>Contribution</u>		<u>Property Values</u>	
Cache	\$262,304	4.2%	\$61,811,619	3.2%
Utah	\$896,414	14.3%	\$231,501,886	11.9%
	<u>\$1,158,718</u>	<u>18.5%</u>	<u>\$293,313,505</u>	<u>15.0%</u>
Original	\$6,265,971		\$1,949,591,736	
Lost	\$1,158,718		\$293,313,505	
Actual	<u>\$5,107,253</u>		<u>\$1,656,278,231</u>	





AGRIP Governance & Leadership Conference

- Sunday 10/14
  - 6:00pm – Reception at Conference Site
  - 6:30pm – Dinner on your own
- Monday 10/15
  - 8:00am – 5:00pm – Sessions at Conference Site
  - 6:30pm – CEO dinner
- Tuesday 10/16
  - 8:00am – 5:00pm – Sessions at Conference Site
  - CRL dinner
- Wednesday 10/17
  - 8:00 – Noon – Sessions at Conference Site



